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**FISCAL IMPACT STATEMENT**

**LS 6380**

**BILL NUMBER:** SB 475

**NOTE PREPARED:** Dec 13, 2012

**BILL AMENDED:**

**SUBJECT:** Local Government Issues.

**FIRST AUTHOR:** Sen. Holdman

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill has the following provisions:

*Reorganization of County Executive and Legislative Structure:* The bill provides that in counties other than Marion County, the county executive may adopt an ordinance to change the executive and legislative structure of county government.

It specifies that if such an ordinance is adopted by the county executive, a public question shall be held in the county on whether the executive and legislative structure of county government should be changed.

It provides that if the public question is approved, the voters of the county shall not elect a board of county commissioners, but shall instead elect a single county commissioner to serve as the county executive and shall elect a county council that has the legislative and fiscal powers and duties of the county.

*Single County Commissioner:* The bill provides that in a county with a single county commissioner:

- (1) the initial single county commissioner is elected in the second general election after the public question to change the structure of county government is approved;
- (2) the board of county commissioners is abolished when the first single county commissioner takes office; and
- (3) the county council shall (except in Lake County or St. Joseph County) be elected from seven single-member districts.

*Vacancy:* It provides that if the office of single county commissioner becomes vacant, the county council shall

appoint an individual to serve as interim single county commissioner until the office is filled.

*Reversion of County Executive and Legislative Structure:* It provides that in a county that has abolished the board of county commissioners and has elected a single county commissioner, the county council may adopt an ordinance changing the county government structure back to a structure that includes the election of a board of county commissioners (instead of a single county commissioner).

It provides that if such an ordinance is adopted, a public question shall be held to determine whether the county government structure shall be changed back to a structure that includes the election of a board of county commissioners.

*Drainage Board:* The bill provides that in a county that has a single county commissioner, the drainage board consists of: (1) the single county commissioner; and (2) two or four persons (as determined by the county council) who are appointed by the county council.

*County Hospital Board:* The bill also specifies the appointments to and the membership of a governing board of a county hospital in a county that has a single county commissioner.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary* - Any fiscal impact resulting from the restructuring allowed under the bill will depend on decisions of the county council in setting executive compensation in counties where a single county executive is elected. No current county executive or legislative responsibility is reduced or eliminated by the bill. Once a county's executive structure is changed, the bill also allows for the structure to be changed back to the current configuration. The fiscal impact of any change will depend on the compensation set for the county executive function and county council.

*Reorganization of County Executive Structure:* In almost all Indiana counties, a three-member board of county commissioners carries out the county's executive duties, and a change to a single county commissioner could potentially change the compensation costs for the executive. Executive compensation is determined by the county fiscal body, and any cost savings from reducing the number of individuals comprising the executive function will result from the decisions of the fiscal body. Officers are compensated from the county general fund. The average salary for each county commissioner in 2011 (for 81 counties reporting) was \$22,289, with a salary range between \$6,032 and \$69,285. Assuming three commissioners, the total expenditure for county commissioner salary is \$66,867 per county on average.

*Reorganization of Legislative Duties:* In a county where executive and legislative structure is changed, the reassignment of legislative duties from the county commissioners to the county council should have no fiscal impact.

Under current law, in all counties except Lake County, Marion County, and St. Joseph County, a council member is elected from each of four districts, plus there are three council members elected from the county as a whole. Under the bill, in counties adopting a single county executive, seven districts would be drawn and a

council member would represent each district. The county council is the seven-member fiscal body of the county. In 2011, the average salary for a county council member was \$8,858, and ranged between \$2,858 and \$53,493. The total salary expenditures is estimated at about \$62,000 per county on average.

**Background and Additional Information -**

Outside of Marion County, the board of county commissioners is the executive body of the county. All executive and administrative powers or duties of the county, except those expressly assigned by law to other elected or appointed officials, are assigned to the board of county commissioners. Also, the board of county commissioners has many assigned and authorized responsibilities. Examples include:

- (1) Establishing procedures for all county departments, offices, and agencies under its jurisdiction.
- (2) Administering all statutes applicable to the county and its ordinances and regulations.
- (3) Supervising the care and custody of all county property, the collection of revenues, and the control of disbursements and expenditures, and reporting on the same.
- (4) Determining the nature and extent of all county improvements.
- (5) Negotiating contracts for the county.

A position similar to the single elected county commissioner may be a city mayor, and similar compensation may be earned by a single county commissioner, depending on the decisions of the county fiscal body. [One large dissimilarity is that the county commissioners are compensated for part-time work, while mayors are full-time elected officials.]

For the 61 second- and third-class cities reporting, there is a correlation between mayor salary and population size when certain outliers are removed from the sample. The following table shows the city population range, the average mayor compensation and compensation range, and the correlation coefficient of city population to mayor salary.

<b>City Population Range</b>	<b>Average Mayor Salary</b>	<b>Mayor Salary Range</b>	<b>Correlation Coefficient</b>
<10000*	\$44,308	\$15,600 - \$62,027	0.618
10,000-40,000	62,592	50,651 - 74,560	0.592
44,000-254,500	92,293	71,330 - 123,600	0.749
*Three outlier cities were excluded from the <10,000 city population range resulting in higher correlation between city population and mayor salary. The cities excluded were Elwood, Knox, and Whiting.			
Source: 2011 LACT Salary, Wage and Fringe Benefits Survey.			

If a county adopts a single county executive, the number of county hospital board members would be unchanged. However, there would be two additional appointed members, replacing two positions formerly designated as ex officio. Additionally, there would be no change in the total number of drainage board members.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Counties.

**Information Sources:** <https://gateway.ifionline.org/public/download.aspx>; *2012 IACT Salary, Wage and Fringe Benefits Survey, 1st & 2nd Class Cities*; *2012 IACT Salary, Wage and Fringe Benefits Survey, 3rd Class Cities*; *IAC 2012 FactBook*.

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